

5726
5506 7?)
UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548



FOR RELEASE ON DELIVERY
EXPECTED AT 10:00 A.M. EST
MONDAY, MARCH 20, 1978

STATEMENT OF
HENRY ESCHWAGE, DIRECTOR
COMMUNITY AND ECONOMIC DEVELOPMENT DIVISION
BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION AND COMMERCE
HOUSE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE
ON
AMTRAK'S COSTS AND OPERATING RESULTS

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

WE ARE HERE TODAY TO DISCUSS OUR ONGOING WORK AT
AMTRAK AND OUR INITIAL OBSERVATIONS CONCERNING THE PRO-
VISIONS OF H.R. 11089. AT YOUR REQUEST, WE HAVE JUST
COMPLETED A REVIEW OF AMTRAK'S OPERATING COSTS, ITS
ROUTE PROFITABILITY SYSTEMS, AND SOME ASPECTS OF ITS
ROUTE SYSTEMS. OUR WRITTEN REPORT WILL BE RELEASED SHORTLY.
WE DID NOT ASK AMTRAK TO RESPOND FORMALLY TO THE REPORT,
BUT HAVE DISCUSSED OUR FINDINGS WITH AMTRAK OFFICIALS.

WE HAVE ALSO COMPLETED OUR ANNUAL REVIEW OF AMTRAK'S
PERFORMANCE REQUIRED BY SECTION 805 OF THE RAIL PASSENGER
SERVICE ACT. THIS YEAR WE REVIEWED AMTRAK'S LONG-RANGE
GOALS TO DEVELOP HIGH-SPEED CORRIDOR SERVICE OUTSIDE THE
NORTHEAST. THE RESULTING REPORT SHOULD BE AVAILABLE IN
THE NEAR FUTURE.

MOREOVER, WE RECENTLY PUBLISHED A SPECIAL ANALYSIS OF AMTRAK'S 5-YEAR PLAN AND COPIES HAVE BEEN PROVIDED TO THE SUBCOMMITTEE. WE ARE ALSO REVIEWING SOME OF AMTRAK'S HIGH COST ROUTES AND HOW THE ROUTE CRITERIA AND PROCEDURES APPROVED BY THE CONGRESS IN 1976 HAVE BEEN APPLIED. OUR REPORT ON THAT WORK SHOULD BE AVAILABLE IN JUNE. A LIST OF OUR PRIOR REPORTS ON AMTRAK IS INCLUDED AS APPENDIX I TO THIS STATEMENT. APPENDIX IV EXPLAINS OUR RECOMMENDATIONS IN THOSE REPORTS AND AMTRAK'S ACTIONS IN RESPONSE TO OUR RECOMMENDATIONS.

BACKGROUND

UNDER THE PROGRAM AUTHORIZED BY THE RAIL PASSENGER SERVICE ACT, AMTRAK IS CHARGED WITH DEVELOPING, OPERATING, AND MAINTAINING A SAFE, MODERN AND EFFICIENT NATIONAL RAIL PASSENGER SYSTEM. IT OPERATES, BOTH DIRECTLY AND THROUGH CONTRACTS WITH OPERATING RAILROADS, ABOUT 1,500 TRAINS PER WEEK OVER ABOUT 27,000 ROUTE MILES. IT ALSO MANAGES A CAPITAL IMPROVEMENT PROGRAM DESIGNED TO UPGRADE EQUIPMENT AND FACILITIES.

FROM AMTRAK'S BEGINNING IN MAY 1971 THROUGH SEPTEMBER 1977, IT GENERATED REVENUES OF ALMOST \$1.5 BILLION, BUT INCURRED OPERATING EXPENSES OF MORE THAN \$3.3 BILLION. THE RESULTING DEFICITS TOTALED \$1.85 BILLION. DURING THE SAME PERIOD THE GOVERNMENT PROVIDED OPERATING SUBSIDIES OF ABOUT \$1.6 BILLION, LOAN GUARANTEES OF \$900

MILLION AND GRANTS OF MORE THAN \$229 MILLION FOR AMTRAK'S CAPITAL ACQUISITIONS AND IMPROVEMENTS.

AMTRAK MANAGEMENT RECENTLY ESTIMATED THAT ITS REVENUE FOR FISCAL YEAR 1978 WILL BE \$323.1 MILLION AND THAT OPERATING EXPENSES OF \$901.1 MILLION WILL BE INCURRED. THE FEDERAL OPERATING SUBSIDY FOR THE YEAR IS EXPECTED TO BE \$536 MILLION. SINCE ONLY \$506.5 MILLION HAS BEEN APPROPRIATED, AMTRAK NEEDS A SECOND SUPPLEMENTAL APPROPRIATION THIS YEAR OF \$29.5 MILLION TO CONTINUE ALL EXISTING ROUTES AND SERVICES.

AMTRAK HAS PLACED ITS GOVERNMENT OPERATING SUBSIDY REQUIREMENT FOR FISCAL YEAR 1979 AT \$613 MILLION. THE ADMINISTRATION'S BUDGET, HOWEVER, PROPOSES \$510 MILLION, A DIFFERENCE OF \$103 MILLION.

RESULTS OF GAO REVIEW

OUR WORK AT AMTRAK HAS CONVINCED US THAT IF AMTRAK'S SUBSIDY IS TO BE REDUCED SIGNIFICANTLY FROM THE AMOUNTS AMTRAK HAS ASKED FOR, SUBSTANTIAL REDUCTIONS IN SERVICE WILL BE NECESSARY. THESE REDUCTIONS WOULD ENTAIL DISCONTINUATION OF SOME OF AMTRAK'S LEAST-USED AND MOST HEAVILY SUBSIDIZED ROUTES.

WE CAREFULLY CONSIDERED AMTRAK'S COSTS IN COMING TO THIS CONCLUSION, AND FOUND A FEW AREAS IN WHICH WE BELIEVE AMTRAK'S MANAGEMENT MAY BE ABLE TO ACHIEVE BETTER EFFICIENCY. FOR EXAMPLE, MAINTENANCE IS AMTRAK'S LARGEST

AREA OF EXPENSE. TWO YEARS AGO WE RECOMMENDED THAT AMTRAK DEVELOP PRODUCTIVITY STANDARDS FOR THESE ACTIVITIES SO MANAGEMENT COULD BETTER CONTROL COSTS. AMTRAK STILL NEEDS TO DEVELOP THESE STANDARDS.

AMTRAK LOST MORE THAN \$40 MILLION ON FOOD AND BEVERAGE SERVICE IN 1977. ALSO SANITARY CONDITIONS WERE NOT ALWAYS MAINTAINED. AMTRAK MANAGEMENT SHOULD WORK TO REDUCE LOSSES AND SHOULD STRIVE TO PROVIDE EXEMPLARY SERVICE THAT MEETS ALL SANITARY AND SAFETY STANDARDS.

DIRECT LABOR COSTS FOR OPERATING LOCOMOTIVES ARE HIGH BECAUSE NEGOTIATED WORK RULES OFTEN PERMIT A DAY'S PAY FOR LESS THAN A DAY'S WORK. FOR EXAMPLE, CONRAIL WORK RULES REQUIRE THAT AMTRAK PAY THE EQUIVALENT OF ABOUT 4 PEOPLE TO OPERATE THE LOCOMOTIVE BETWEEN DETROIT AND CHICAGO. A SINGLE BUS DRIVER MAKES THE SAME 6-HOUR TRIP. ALTHOUGH AMTRAK SEEMS TO BE ABLE TO DO LITTLE ABOUT THESE WORK RULES, IT SHOULD CONTINUE TO WORK TOWARD A MORE RATIONAL APPROACH.

ALTHOUGH WE HAVE IDENTIFIED THESE AND OTHER AREAS THAT WARRANT MANAGEMENT ATTENTION, WE WANT TO EMPHASIZE THAT WE DID NOT IDENTIFY ANY AREAS OF MISMANAGEMENT WHERE EFFICIENCIES COULD BE ACHIEVED THAT WOULD APPRECIABLY REDUCE AMTRAK'S SUBSIDY NEED.

AS PART OF OUR REVIEW OF AMTRAK'S OPERATING COSTS, WE ALSO REVIEWED THE ROUTE BY ROUTE COSTS AND REVENUES

AMTRAK REPORTED IN ITS MOST RECENT 5-YEAR PLAN AND AMTRAK'S ESTIMATES OF THE SAVINGS THAT WOULD RESULT IF A ROUTE OR SERVICE WERE DISCONTINUED. WE FOUND THE ASSUMPTIONS USED TO PREPARE THESE ESTIMATES TO BE REASONABLE AND THE METHODS OF GATHERING DATA RELIABLE AND ACCURATE.

AMTRAK HAS GROWN SUBSTANTIALLY SINCE IT BEGAN OPERATIONS IN 1971. THE NUMBER OF AMTRAK ROUTES HAS INCREASED FROM 25 TO 40, THE NUMBER OF TRAINS PER WEEK IS UP 20 PERCENT, AND THE TRAIN MILES PER WEEK ARE UP 40 PERCENT. YET, RIDERSHIP HAS NOT KEPT PACE WITH THE SYSTEM'S EXPANSION. AMTRAK CARRIED 19.2 MILLION PASSENGERS IN 1977 COMPARED TO 16.6 MILLION IN 1972, AN INCREASE OF ONLY 15.6 PERCENT.

AMTRAK'S LOAD FACTORS, EXPRESSED AS PASSENGER MILES PER TRAIN HAVE ALSO GONE DOWN STEADILY, FROM 126.81 IN LATE 1974 AND EARLY 1975, TO 103.81 IN FISCAL YEAR 1976. THE LATEST DATA SHOW THAT THIS STATISTIC IS NOW BELOW 100.

AMTRAK HAS IDENTIFIED SEVERAL ROUTES AS BEING POTENTIAL CORRIDORS WHICH MAY WARRANT DEVELOPMENT ALONG THE SAME LINES THAT THE CONGRESS AUTHORIZED FOR THE NORTHEAST CORRIDOR. OUR REVIEW CONVINCED US THAT AMTRAK'S PROSPECTS FOR ECONOMIC SUCCESS ON THESE ADDITIONAL CORRIDORS ARE BLEAK. ALTHOUGH AMTRAK CONSIDERS THEM TO BE SOME OF ITS BEST ROUTES, THERE SIMPLY ARE NOT ENOUGH PEOPLE RIDING THE TRAINS TO PAY FOR THE SERVICES.

AMTRAK BELIEVES SOCIAL AND ENVIRONMENTAL BENEFITS SUCH AS SAFER INTERCITY TRAVEL, IMPROVED AND MORE CONVENIENT SERVICES TO THE PUBLIC, LOWER FUEL CONSUMPTION, AND LOWER AIR POLLUTION IN HIGHLY POPULATED AREAS JUSTIFY THE ECONOMIC COST OF RAIL PASSENGER SERVICE. WE FOUND, HOWEVER, THAT THESE BENEFITS DEPEND ON INCREASED RIDERSHIP. FOR EXAMPLE, A TRAIN CAN BE FUEL EFFICIENT WHEN HEAVILY LOADED AND MOVING OVER RELATIVELY LONG DISTANCES, BUT AMTRAK IS NOT FUEL EFFICIENT BECAUSE IT DOES NOT CARRY ENOUGH PASSENGERS. WE HAVE INCLUDED A CHART IN APPENDIX II THAT ILLUSTRATES THE RELATIVE FUEL EFFICIENCY OF DIFFERENT TRANSPORTATION MODES. OUR REVIEW OF AMTRAK'S CURRENT OPERATIONS LEADS US TO BELIEVE THAT PASSENGER LOADS ARE NOT LIKELY TO GO UP UNLESS A DISRUPTION OCCURS IN ANOTHER TRANSPORTATION MODE.

AMTRAK'S 7-YEAR EXPERIENCE SHOWS CONCLUSIVELY THAT UNDER CURRENT CONDITIONS, ALL BUT ABOUT 1 PERCENT OF INTERCITY TRAVELERS IN THE UNITED STATES PREFER OTHER MODES OF TRANSPORTATION. WE THINK THE REASONS ARE STRAIGHT-FORWARD. AIR TRAVEL IS MUCH QUICKER AND MORE CONVENIENT FOR TIME-SENSITIVE TRAVELERS, SMOOTHER AND MORE COMFORTABLE (ESPECIALLY CONSIDERING THE COMPARATIVELY SHORT TIME THE TRAVELER OCCUPIES THE AIRPLANE), AND, ON LONGER TRIPS, AIR TRAVEL IS IN THE SAME PRICE RANGE AS AMTRAK. BUSES GO MORE PLACES THAN AMTRAK, AND BUS TRAVEL IS SOMEWHAT CHEAPER.

AUTOMOBILES GIVE TRAVELERS MORE CONTROL OVER WHERE AND WHEN THEY GO, ARE CONVENIENT TO HAVE AT THE DESTINATION POINTS, AND ARE PERCEIVED AS BEING MUCH CHEAPER THAN THE TRAIN, PARTICULARLY WHEN MORE THAN ONE TRAVELER IS INVOLVED. THESE FACTORS ARE ILLUSTRATED IN APPENDIX III. UNDER CURRENT CONDITIONS, AMTRAK CANNOT OFFER MOST INTERCITY TRAVELERS A SERVICE THAT IS AS GOOD AS THE AVAILABLE ALTERNATIVES.

THE EXCEPTION THAT SEEMS TO PROVE THE RULE IS THE NORTHEAST CORRIDOR, WHERE THE TRAIN OFFERS COMPARATIVELY HIGH SPEED, LOW FARES, AND WHERE THE MAJOR CITIES ALONG THE ROUTE HAVE ADEQUATE PUBLIC TRANSPORTATION MINIMIZING THE CONVENIENCE VALUE OF THE AUTOMOBILE. IN 1977, NORTHEAST CORRIDOR OPERATIONS ACCOUNTED FOR 57 PERCENT OF AMTRAK'S TOTAL RIDERSHIP, 31 PERCENT OF AMTRAK'S REVENUES AND ONLY 24 PERCENT OF AMTRAK'S COSTS.

GIVEN THESE FACTS, CONGRESS' CHOICES ARE LIMITED. IT CAN (1) GIVE AMTRAK THE SUBSIDY IT HAS ASKED FOR AND ALLOW THE PRESENT SYSTEM TO CONTINUE; (2) GIVE AMTRAK LESS SUBSIDY THAN IT ASKED FOR AND ALLOW THE SYSTEM TO BE REDUCED; OR (3) GIVE AMTRAK A LARGER SUBSIDY THAN IT ASKED FOR AND ALLOW EXPANDED SERVICE. THERE ARE, OF COURSE, VARIATIONS AVAILABLE WITHIN THESE CHOICES.

VIEWED SOLELY IN ECONOMIC TERMS, AMTRAK'S RATHER BLEAK OPERATING RESULTS WOULD SUGGEST LITTLE JUSTIFICATION

POR CONTINUING MOST RAIL PASSENGER SERVICE. THE CONGRESS, HOWEVER, HAS APPROVED "ROUTE AND SERVICE CRITERIA" WHICH ARE DESIGNED TO REQUIRE CONSIDERATION OF ALL THE ECONOMIC, SOCIAL AND ENVIRONMENTAL FACTORS THAT RAIL PASSENGER SERVICES PRODUCE. IF CHANGES ARE TO BE MADE IN AMTRAK'S ROUTE SYSTEM, WE THINK THE ROUTE AND SERVICE CRITERIA SHOULD BE USED.

OBSERVATIONS ON H.R. 11089

WE ARE IN THE PROCESS OF ANALYZING H.R. 11089 AND HAVE IDENTIFIED A NUMBER OF PROVISIONS WHICH RAISE QUESTIONS IN OUR MIND. FOR EXAMPLE, SECTION 554(C) OF THE PROPOSED BILL WOULD REQUIRE THE COMPTROLLER GENERAL TO REPORT ON THE FAIRNESS AND CONSISTENCY OF AMTRAK'S ANNUAL FINANCIAL STATEMENTS, AND ON THE EXECUTION OF AMTRAK MANAGEMENT'S DUTIES AND RESPONSIBILITIES. THE REPORT WOULD ACCOMPANY AMTRAK'S ANNUAL REPORT.

THE PROPOSED LEGISLATION, HOWEVER, WOULD NOT RESCIND SECTION 805 OF THE CURRENT LEGISLATION WHICH PROVIDES FOR ANNUAL AUDITS OF AMTRAK'S FINANCIAL STATEMENTS BY CERTIFIED PUBLIC ACCOUNTANTS, AND AN ANNUAL PERFORMANCE AUDIT BY THE COMPTROLLER GENERAL. WE BELIEVE THAT SECTION 805 OF THE CURRENT LEGISLATION PROVIDES US WITH ADEQUATE AUDIT AND REPORTING AUTHORITY AND THAT SECTION 554(C) OF THE PROPOSED BILL IS LARGELY DUPLICATIVE AND NOT NEEDED.

WE ARE ALSO EXAMINING OTHER IMPORTANT CHANGES CON-
TEMPLATED BY THE PROPOSED BILL, AND WILL PROVIDE OUR
WRITTEN COMMENTS AS SOON AS POSSIBLE.

THIS COMPLETES MY PREPARED STATEMENT. I WILL BE
GLAD TO RESPOND TO ANY QUESTIONS YOU MAY HAVE.

APPENDIX I

APPENDIX I

**LIST OF PRIOR GAO REPORTS ON THE
NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)**

- Amtrak Needs To Improve Train Conditions Through
Better Repair And Maintenance, B-175155, June 21, 1973**
- Railroad Reservation, Information And Ticketing Services
Being Improved, B-175155, August 22, 1973**
- Fewer and Fewer Amtrak Trains Arrive On Time--Causes
Of Delays, B-175155, December 28, 1973**
- Information On Loan Guarantee Programs Under The Rail
Passenger Service Act And The Regional Rail Reorganization
Act, RED-75-329, February 26, 1975**
- How Much Federal Subsidy Will Amtrak Need?, RED-76-97,
April 21, 1976**
- Quality Of Amtrak Rail Passenger Service Still Hampered
By Inadequate Maintenance Of Equipment, RED-76-113,
June 8, 1976**
- Amtrak's Incentive Contracts With Railroads--Considerable
Cost, Few Benefits, CED-77-67, June 8, 1977**

APPENDIX II

APPENDIX II

FUEL EFFICIENCY AND SAFETY
OF MAJOR INTERCITY TRANSPORTATION MODES

The following table illustrates the passenger miles per gallon of fuel and passenger fatalities per 10 billion passenger-miles for the various intercity transportation modes:

	<u>Passenger miles/gallon fuel</u>	<u>Fatalities per 10 Billion passenger miles</u> (note b)
Bus	116	3
Amtrak	56	1
Automobile	40	140
Airlines	20	6

a/ 1976

b/ 3 year average (1974-1976)

AMTRAK FARES ON POTENTIAL CORRIDOR
 ROUTES COMPARED WITH OTHER
 TRANSPORTATION MODES

	Fare Necessary for Amtrak to break even	Amtrak	Bus	Air ^{1/}	Automobile Full Cost	Incre- mental Cost
Chi-Mil	\$ 38.75	\$ 6.25	\$ 5.50	\$25.00	\$14.45	\$ 4.25
Chi-Det	29.80	20.50	21.40 ^{2/}	40.00	47.43	13.95
L.A.-S.D.	14.45	9.00	8.35	11.45	21.76	6.40

^{1/} Lowest existing day coach fare.

^{2/} Round-trip ticket reduces one-way cost by approximately 5 percent.

**AMTRAK ACTIONS ON RECOMMENDATIONS
FROM PRIOR GAO REPORTS****AMTRAK'S INCENTIVE CONTRACTS WITH
RAILROADS--CONSIDERABLE COST, FLSW
BENEFITS (CEI)-77-57, JUNE 8, 1977)**

When Amtrak began service they contracted with 20 railroads to operate the trains. These cost-reimbursement contracts did not produce satisfactory performance by the railroads, which were paid as much for poor service as for excellent service.

To encourage better performance, Amtrak negotiated incentive contracts with 10 railroads in 1974. Incentives were paid for good performance and penalties assessed for poor performance.

GAO found that the incentive provisions had major deficiencies and that in some cases it was impossible to be sure that the railroads complied with the provisions. GAO concluded that the incentive payments had little effect on performance.

To improve incentive provisions in Amtrak's future contracts GAO recommended that;

- Railroads be penalized for poor on-time performance,
- Arrival times be reported by Amtrak staff,
- On-time performance be measured at major intermediate points especially for schedules that are not properly structured,
- Amtrak penalize railroads for unsatisfactory car cleaning,
- Amtrak reward railroads for doing more maintenance work than expected and penalize them for not doing what is expected.

GAO also found deficiencies with the flat rated (fixed amount) provisions of the contracts. Flat rates frequently exceeded the railroads' actual cost for providing the service. GAO recommended that in renegotiating flat rates, Amtrak consider what a service should cost in addition to actual historical cost.

Amtrak Action On Recommendations

Amtrak applied most of these general principles in negotiating subsequent contracts with railroads. GAO agrees Amtrak's latest incentive contracts are substantially improved.

QUALITY OF AMTRAK RAIL PASSENGER SERVICE STILL
HAMPERED BY INADEQUATE MAINTENANCE OF EQUIPMENT
(RED-76-113, JUNE 8, 1976)

GAO recommended that Amtrak:

- Take equipment out of service when necessary to insure that scheduled maintenance is done and give sufficient leadtime notice to refurbishment contractors.

According to an Amtrak official fewer cars are being overhauled today because of budget restrictions. Reduced funding resulted in a 205 car backlog on October 1, 1977, of equipment needing overhauls. Amtrak estimates that at September 30, 1978, this backlog will rise to 319 cars.

- Develop specific inspection guidelines and staffing criteria for field inspectors.

Amtrak has developed guidelines for inspectors, however, no staffing criteria exists for determining the number of inspectors needed at each facility. The number of inspectors required is determined by foremen based upon the work demands at any particular location.

- Make periodic, formal evaluations of the individual railroads' performance and use these evaluations as the basis for taking action, including legal action, if necessary, to get the railroads to comply with the contract terms.

A contract audit group has been established to periodically review railroad performance to ensure they are providing services as outlined in the contracts. This group is responsible for identifying and reviewing excessive costs paid to the railroads. In some cases litigation has been brought against railroads to recover these costs.

--Assign a high priority to completing the automated maintenance system, to avoid further delays, and to insure completion at the earliest possible date.

Amtrak has implemented an automated system for inventory control with computer terminals located at major stocking facilities. In the future, Amtrak plans to use the system to procure all parts and supplies.

--Include work productivity standards, after Amtrak develops them, in its contracts with the railroads.

Amtrak told us it is currently developing productivity standards, however, these standards have not been implemented. As a result, Amtrak does not know what opportunities for improvement exist.

HOW MUCH FEDERAL SUBSIDY WILL AMTRAK NEED? (RED-76-97, APRIL 21, 1976)

GAO's study showed Amtrak's projected revenues were optimistic, expenses understated, many items were not supported by documentation, and that the 5-year plan should have shown a need for greater Federal assistance than it did.

To improve these deficiencies GAO recommended that Amtrak make an effort to base projections on each route's market potential taking into consideration actions necessary to attract potential ridership.

In our recent report entitled, "An Analysis of Amtrak's Five Year Plan" (PAD-78-51, March 6, 1978) we further discuss Amtrak's planning and the changes they have made.

FEWER AND FEWER AMTRAK TRAINS ARRIVE ON TIME-- CAUSES OF DELAY (B-175155, DECEMBER 28, 1973)

GAO reported that Amtrak's on-time performance was poor and getting worse.

We concluded that Amtrak's contracts with the railroads needed to be amended to include reasonable, definitive and enforceable on-time performance standards to provide a basis for obtaining cooperation from the

railroads in achieving improved performance. Amtrak's objective was to have trains on time on 90 percent of their trips.

Our work indicates that, although Amtrak has taken suggested actions to improve, it has not achieved its goals for on-time performance. In fiscal 1977 Amtrak trains were on time only 62 percent of the time. Amtrak believes speed restrictions placed on SDP40F locomotives and severe winter weather are the primary causes for their poor on-time performance.

**RAILROAD RESERVATION, INFORMATION AND TICKETING
SERVICES BEING IMPROVED (B-175155, AUGUST 22, 1973)**

GAO recommended that Amtrak establish a monitoring program to evaluate the effectiveness of measures taken to improve its reservations and ticketing operations. Amtrak has initiated a monitoring program that provides daily and weekly reports on the number of calls received, answered, lost and the number of wire messages received. Amtrak uses this system to monitor the effectiveness of its improvement program.

**AMTRAK NEEDS TO IMPROVE TRAIN CONDITIONS THROUGH
BETTER REPAIR AND MAINTENANCE (B-175155, JUNE 21, 1973)**

GAO recommended that Amtrak should:

- Take direct responsibility for maintaining and repairing its passenger cars and locomotives.
- Establish procedures for inspecting car maintenance and repairs and increase the number of employees assigned to inspection of cars and locomotives.
- Enforce train crews' use of car condition trip reports.
- Establish a maintenance record system for passenger cars.
- Expedite establishment of a parts inventory control system for passenger cars.

- Award refurbishment contracts on the basis of open competition.
- Schedule passenger cars in advance for refurbishment.
- Prepare detailed specifications for refurbishment.
- Hold contractors responsible for defective refurbishment.

Amtrak has taken action on all these recommendations. Most are addressed in our subsequent report entitled, "Quality of Amtrak Rail Passenger Service Still Hampered By Inadequate Maintenance of Equipment" (RED-76-113, June 8, 1976) while others are discussed in our draft report "Amtrak Cannot Operate Its Present Route System For Less."